



April 10, 2017

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The Honorable Ricardo Lara
Chair, Senate Appropriations Committee
State Capitol Building, Room 2206
Sacramento, CA 95814

**RE: SB 148 (Wiener, Atkins) – Cannabis Fees: Cash Payments
As Amended April 5, 2017 – SUPPORT
Set to be Heard April 17, 2017 – Senate Appropriations Committee**

Dear Senator Lara:

The California State Association of Counties (CSAC) is pleased to support SB 148 by Senators Wiener and Atkins, a measure related to the collection of cash payments from the cannabis industry.

On November 8, 2016, voters passed Proposition 64, the Adult Use of Marijuana Act (AUMA), which legalized the recreational use, cultivation, transport, manufacture and sale of cannabis in California. AUMA also established, among other things, a number of fees, taxes and penalties for various purposes associated with the regulation of cannabis. Despite legalization in California, the cannabis industry has a difficult time obtaining banking services due to conflicting state and federal laws. While cannabis is still considered a Schedule I drug and the Controlled Substances Act (CSA) makes it illegal under federal law to manufacture, distribute, or dispense marijuana, eight states in the U.S. have legalized marijuana for recreational use and 28 states have legalized some form of marijuana for medical use. Because of the difficulty in obtaining bank accounts, marijuana related businesses pay large sums of money in cash to meet tax and fee obligations. This poses great difficulty to the state entities which are responsible for collecting state obligations from these entities.

This bill would enact the Cannabis State Payment Collection Law and would allow the Board of Equalization, or a county, to collect cash payments from cannabis-related businesses for a state agency that administers any fee, fine, penalty, tax, or other charge payable by a cannabis-related business, if that state agency has entered into an agreement with the board or county. SB 148 would also allow cannabis-related businesses to make payments by means other than electronic funds transfer, including cash. Finally, the bill would require the Board to accept cash payments from cannabis-related businesses, and sets standards for a certain percentage of branch and district offices throughout the state that would accept cash.

CSAC is a member of the Treasurer's Cannabis Banking Working Group, which is made up of representatives from law enforcement, regulators, banks, taxing authorities, local government and the cannabis industry, and is charged with finding practical and timely ways to address the state-federal conflict. While we are seeking solutions to this challenge, SB 148 would help ease the burden posed by conflicting state and federal laws and allow the state to centralize its cash collecting infrastructure, streamline the locations which have an increased security need, and ensure that California businesses can meet their state financial obligations.

It is for these reasons that we support SB 148. Should you have any questions regarding our position, please contact me at 916-327-7500, ext. 504, or cmartinson@counties.org.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Cara B. Martinson'.

Cara B. Martinson
Legislative Representative & Federal Affairs Manager

cc: The Honorable Scott Wiener, California State Senate
The Honorable Toni Atkins, California State Senate
Members, Senate Appropriations Committee
Robert Ingenito, Consultant, Senate Appropriations Committee
Scott Chavez, Senate Republican Consultant